

**SUMMARY OF THE MEETING OF THE
ARIZONA STATE RETIREMENT SYSTEM
INVESTMENT COMMITTEE**

HELD ON

**Monday, May 11, 2009
3:30 p.m.**

The Investment Committee (IC) of the Arizona State Retirement System (ASRS) met at 3300 N. Central Avenue, 14th Floor Conference Room, Phoenix, Arizona 85012. Mr. Tom Connelly, Chair of the IC, called the meeting to order at 3:38 p.m., Arizona Time.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Thomas Connelly, Chair
 Mr. Christopher Harris, Vice-chair
 Mr. Lawrence Trachtenberg
 Mr. James McLaughlin

A quorum was present.

The IC decided to move discussion of agenda item 3 after item 6, time permitting.

2. Approval of the Minutes of the April 13, 2009, Regular Session IC Meeting

Motion: Mr. Lawrence Trachtenberg moved the minutes of the April 13, 2009, Regular Session IC meeting be adopted as presented. Mr. James McLaughlin seconded the motion.

By a vote of 4 in favor, 0 opposed, 0 abstentions, and 0 excused, the motion was approved.

3. Presentation, Discussion, and Appropriate Action Regarding Capital Market Assumptions and Tactical (Strategic) Investment Opportunities

Mr. Thomas Connelly introduced the topic. Mr. Gary R. Dokes, Chief Investment Officer (CIO), introduced Mr. Stephen McCourt, Managing Principal, Meketa, and Mr. Chris Levell, Partner, New England Pension Consultants (NEPC). Mr. Dokes said he would like input from the IC after they heard the presentations.

Mr. McCourt provided an update regarding Meketa's capital market assumptions and asset class correlations. He offered the IC strategic and tactical advice for debate and discussion.

Mr. Chris Levell presented NEPC's views regarding capital market assumptions and tactical (strategic) investment opportunities.

The ASRS Investment Management Division (IMD) provided a list of tactical investment opportunities for the IC's consideration. The IC discussed the exhibit and directed staff to actively evaluate these opportunities and continue vetting managers; Asset Class Committee meetings may occur before the next IC meeting if compelling opportunities are identified.

Mr. Dokes requested NEPC develop multiple asset allocation policy scenarios with expected return/risk profiles which incorporate both strategic and tactical investments in varying economic and financial market conditions.

Due to tactical recommendations by NEPC and Meketa, to consider investing in real assets, Mr. Connelly and Mr. Harris remarked that the Asset Class Committee decision-making construct may need to be reevaluated if the IC wishes to add a real assets funding category. Mr. McCourt commented the IC should decide if they want to pursue real assets through public market strategies or private market strategies.

4. Presentation, Discussion, and Appropriate Action Regarding Investment Management Division (IMD) House Views

Mr. Thomas Connelly introduced the topic. Mr. Dokes presented IMD's House Views, which reflect the ASRS Investment Management Division's perspective on the asset classes or investment strategies in which the ASRS currently invest or may consider investing in. The views are utilized to determine ASRS asset class over-/under-weightings relative their respective asset allocation policy benchmarks. Mr. Dokes mentioned various rebalancing has taken place, moving fixed income to equities. Mr. David Underwood, Equity Portfolio Manager, elaborated, explaining that within equities there have been additional transactions, recently tactically rebalancing away from international in favor of domestic equities.

Mr. Connelly complemented staff on the House Views and requested the IC be notified of changes to the House Views.

5. Presentation, Discussion, and Appropriate Action Regarding ASRS Investment Goals and Objectives

The IC postponed this topic until a subsequent meeting.

6. Presentation, Discussion, and Appropriate Action Regarding Asset Class Committees Activity Updates

Mr. Thomas Connelly introduced the topic. Mr. Dokes provided the IC with an update regarding the activities that have occurred and are anticipated to occur with regards to the ASRS Private Equity Committee (PEC). The PEC discussed mezzanine investments. No other committee meetings have occurred. Mr. Dokes requested that NEPC and Meketa give their views on placement agents and fees. Mr. Levell prefers models where all fees are disclosed.

Mr. McCourt said additional placement agent information could be disclosed if the ASRS prefers, as part of the due diligence process. Information regarding placement agent fee disclosure may or may not be available from general partners.

7. Future Agenda items

Mr. Jim McLaughlin requested the IC consider holding meetings earlier in the day. Mr. Connelly requested discussion of trustee and staff roles, with respect to consensus on Investment House Views.

8. Call to the Public

No members of the public requested to speak to the IC.

The meeting adjourned at 6:52 p.m.

Respectfully submitted,

Lisa Hanneman, Secretary Date

Gary R. Dokes, Chief Investment Officer Date